

## **2.0 STRATEGIC PLANNING**

### **2.1 Strategy Development**

#### **2.1a Strategy Development Process**

**2.1a(1)** ADOT develops its strategic direction using an approach that combines the inputs from the Governor's Office, ADOT executive management, and the organizational units at the program and subprogram levels. The Department's process for strategic planning employs both a "top-down" and "bottom-up" methodology.

ADOT's internal strategic planning process begins by conducting an assessment of the organization's strengths, weaknesses, opportunities and threats (SWOT). This assessment, which is more commonly referred to as a SWOT analysis, consists of two components. First is a situation inventory, which is an internal/external assessment to identify the Department's strengths and weaknesses. This assessment determines where ADOT is currently and provides a baseline for the Department. Second is an environmental scan, which assesses the types of internal and external factors affecting ADOT. This scan identifies opportunities and threats to the organization. After the strengths, weaknesses, opportunities and threats have been identified, executive management identifies strategic issues and future challenges. ADOT also verifies its vision and mission statements, its core business functions and Department priorities. This process was used to develop the five strategic goals and three breakthrough strategies, as shown on page viii of the Organizational Profile.

When executive management reaches consensus, the strategic plan elements mentioned above are distributed to the various organizations throughout the Department.

Once this is accomplished, the planning process shifts its emphasis to a "bottom-up" approach. Each organizational unit is requested to prepare a Strategic Plan in alignment with the Department's goals. Training is made available to the leader of the planning process in each organization. ADOT supervisory personnel are required to attend training for strategic planning and budgeting as part of the Department's Dynamics of Leadership Program.

Organizational strategic plans are compiled by subprogram into a single plan. The subprogram Strategic Plans are then blended into a single plan at the program level. For example, the MVD program consists of three subprograms: Motor Vehicle Support Services, Customer Services and Motor Vehicle Enforcement Services. ADOT has five programs around which it develops strategic plans: Intermodal, Motor Vehicle, Aeronautics, Transportation Planning, and Administration. The Department strategic plan is made available to all employees on the ADOTNET.

In addition to the goals, each program's strategic plan contains several key objectives and accompanying performance measurements, which are intended to assist the Department in achieving its goals. Year-to-date operating results related to key objectives and performance measurements, are reviewed monthly by senior management. Key objectives and measurements are also discussed at the monthly Operations Meeting, consisting of ADOT senior managers and their direct reports. The Measurement Team, which is made up of strategic planning representatives with diversified experience, serve as a consultative group to fine tune the measurements associated with the objectives submitted by each program. The Measurement Team also makes recommendations to the Core Team regarding changes to key Department objectives and performance measurements. Additionally, the Office for Excellence in Government requires monthly reports and analyses measuring the progress towards achieving specific objectives. These objectives automatically become part of the Department's key objectives and measurements.

**2.1a(2)** External customer requirements shown in Figure 3-2 are considered as each organization develops its plan. In addition, ADOT utilizes feedback from stakeholder conferences and statewide public meetings to identify transportation needs and set priorities. The inputs received from these events are evaluated for inclusion into the relevant organizational strategic plans. For example, one issue that was important to the public was to accelerate the completion of the urban freeway system in order to alleviate the problem of ever increasing congestion. Since this customer priority was considered to be of major significance, the target year goal for completion of the urban freeway system in metropolitan Phoenix was accelerated, from 2014 to 2007. Year-to-year objectives are set such that this goal can be attained.

ADOT, being a department of state government, it is not subject to direct competition, in the traditional industry sense, in the performance of its statutorily mandated duties. However, it uses certain information from other transportation agencies to develop new products and services, and for benchmarking successes. For example, ADOT requested and received funding to implement a new statewide highway striping program that would increase the width of the striping from four to six inches. The Florida Department of Transportation, as well as several other states, already converted to 6-inch striping on their highways. ADOT as well as the other states, believe this will ultimately result in a reduction of traffic accidents and improved highway safety. In short, ADOT used their data to benchmark results in order to develop its own expectations for performance.

The Department continually seeks to outsource its products and services to the private sector when it is both feasible and cost effective move. An example of outsourcing has seen the implementation of the Third Party Program by MVD. With this program, business entities, such as car dealers, are authorized to complete many of the MVD services for a nominal fee to the customer. This outsourcing proved to be a viable alternative for the public because of its convenience, and the reduction of customer traffic in field offices.

Among the many different potential risks considered during the internal/external assessment phase of strategic planning, both financial and societal risks are heavily weighed and thoroughly scrutinized. For example, the primary financial risk is that sufficient funds will not be available to satisfactorily carry out ADOT's core business functions: 1) to license and register drivers and motor vehicles, 2) to develop and operate the transportation infrastructure and 3) to manage revenue. In order to ensure that its core business functions are achieved, revenue projections on the two main funding sources (i.e., the Highway User Revenue Fund and the Regional Area Road Fund) are monitored closely to ensure accurate forecasting. ADOT has been proactive in taking specific steps to lessen its exposure to risk from potential shortfalls in funding through a combination of shifting costs to external organizations (e.g., sponsorship of the Adopt-a-Highway Program, and the use of correctional system inmates) as well as generating secondary revenue streams (e.g., the disposal of excess property, and cell phone tower leases).

After the human resource training requirements, and the needs to serve external customers have been identified by the individual organizational units, they are communicated to the Department's Office of Organization and Employee Development, ITD Technical Training, and the MVD Training Academy. These offices analyze the requests in light of available resources and overall mission and goals, and transform the information into an action step in their strategic plan. For example, in order to be responsive to organizational needs, the Office of Organization and Employee Development established an objective in its strategic plan to provide a core curriculum of mandatory training for all supervisors by fiscal year 2001 and maintain that same level thereafter. ADOT also partnered with the academic community in order to form the Technical Training Center. The Center has brought together governmental, academic and private resources in

order to provide technical training to the staff charged with ensuring a safe, efficient and environmentally sound Transportation Infrastructure. This is being achieved by delivering new concepts and ideas, training and technical assistance, and by disseminating research results and new technologies to both transportation providers and users.

Operational capabilities and requirements, including the availability of resources, are assessed at the phase when action plans are developed. The organizational unit that is doing the planning is responsible for identifying the human and technological resources together with the dollar amounts necessary to achieve the goals. If a need for additional resources is identified through the planning process, it is satisfied either through a reallocation process, or considered as an issue for a funding request in the next operating budget cycle.

If it is determined that additional resources are needed, reallocation is the first alternative considered. Resource allocation is one of the three breakthrough strategies identified by executive management. An example of the reallocation methodology that is used in MVD requires that each organizational unit needing additional resources submit specific documentation to justify its needs. The justification must include categorizing the need for additional resources into one of six categories ranging from "legislative mandate" (highest) to "not critical" (lowest). After MVD's management team analyzes the merits of the request, it may allocate the additional resources from a pool of funds that were not specifically committed at the beginning of the fiscal year. However, if the particular need cannot be funded in this manner, the required resources are introduced into the Department-wide budget process for prioritization and submission as part of its total operating budget request.

Supplier and partner capabilities and needs are considered by matching them with the Department's plans and requirements. For example, ITD has to ensure that sufficient, qualified engineering consultants and construction firms are available in order to complete the 5-Year Highway Construction Program. Another example is MVD's expanded use of third party contractors to provide many of the same services offered by its field offices. The expansion of the Third Party Program has helped ADOT achieve its goal of significantly reducing customer visit time in field offices. MVD continues to explore additional opportunities for third party contractors and analyzes their potential impact on its customer service program.

Key Performance Measures					
Description	FY 1999 Actual	FY 2000 Actual	FY 2001 Expected	FY 2002 Expected	FY 2003 Expected
Incident rate per 100 employees (Figure 7-17)	5.78	5.41	5.13	4.88	4.63
Lane miles open to traffic – statewide (Figure 7-19)	17,396	17,546	17,770	17,979	18,177
Lane miles open to traffic – Maricopa Regional Freeway Sys (Figure 7-20)	372	428	548	569	641
Lane miles open to traffic – Phoenix district (Figure 7-21)	1,677	1,713	1,833	1,854	1,960
Percent of construction dollars award by Board v. Planned (Figure 7-22)	N/C	90%	90-100%	90-100%	90-100%
Average customer visit time in Motor Vehicle field Offices (Figure 7-23)	37.5	23.6	23.0	23.0	23.0
Percent (%) of customers waiting for 15 minutes or Less (Figure 7-24)	37.6%	59.5%	60.0%	60.0%	60.0%
Number of Internet transactions (Figure 7-25)	61,992	180,816	360,000	540,000	585,000
Percent of MVD customers rating overall service excellent or good (Figure 7-26)	86%	91%	91%	91%	91%
Percent (%) of time deadline was met for constituent Inquiries (Figure 7-27)	N/A	90%	95%	95%	95%
Highway safety action steps (Figure 7-28)	N/A	15	5	- 0 -	- 0 -
Figure 2-1					

### 2.1b Strategic Objectives

The ADOT Core Team focuses on eleven key performance measures indicated in Figure 2-1, above.

These measures are important in assessing the Department's current level of achieving its five goals. These goals were based on the following strategic issues:

- 1) *Regional freeway acceleration:* ADOT initiated an aggressive program of accelerating the construction of the Regional Area Freeway System in Maricopa County in order to complete it by 2007 instead of the originally planned year 2014;
- 2) *Customer service:* ADOT maintains a customer service orientation in all of its activities. Among the important customer service challenges facing ADOT is the need to service customers visiting MVD field offices in as short a time period as possible. For FY 2001, ADOT expected to shorten the average visit time that a customer spends in a field office to 23 minutes;
- 3) *Program delivery* – A significant part of ADOT's business is to build and maintain highways across the State in order to further the Department's goal to improve the movement of people and products throughout Arizona. To achieve this goal, ADOT must ensure that projects are completed on time, within budget and are of the best quality.

### 2.2 Strategy Deployment

#### 2.2a Action Plan Development and Deployment

**2.2a(1)** There are eleven key Department performance measures used to determine whether the Department's goals are achieved. These measures result from individual organizational units in ADOT developing objectives and action plans. ADOT's most significant objectives are reflected in the key measures discussed in category 1.1b. These directives further determine Department work systems as well as the methods used for data collection and analysis.

**2.2a(2)** Each organizational unit communicates its competency level requirements to the Office of Organization and Employee Development and the Technical Training Center staff, if additional training is needed to achieve an objective. An action step specifically describes what is required from the Office of Organization and Employee Development, the Technical Training Center staff and/or the organizational unit. For example, MVD uses a well-defined, documented process to communicate its needs and monitor its progress towards achieving an objective. The action plan to reduce the customer visit time to 23 minutes in field offices documents the strategy, due dates for the completion of each step, required resources and the progress or status in attaining the objective.

**2.2a(3)** Each organizational unit in ADOT receives an annual expense budget. Part of the strategic planning process is to determine whether each objective can be accomplished with existing resources. If the process determines that additional resources are required, the first alternative considered for evaluation is the reallocation of existing resources. However, an organization's inability to reallocate resources from within its budget leads to the requesting additional funding at the program level. ADOT's Core Team evaluates and prioritizes all competing requests for additional resources and allocates additional funding to the extent available. If, however, funding for the resources needed to attain the objective is not available, the final alternative is to submit a budget issue as part of the Department's operating budget request to the Governor.

**2.2a(4)** Eleven key performance measures are used to evaluate the progress towards reaching the Department goals.

One method used to track the progress of the Department's key performance measures is reporting their status at the monthly Operations Team meeting. By closely monitoring data, ADOT is able to more effectively plan and adjust strategies to ultimately meet its objectives. All performance measures relative to one of ADOT's programs are discussed monthly on a rotating basis at these meetings.

This process also requires the preparation of an independent analysis of progress made towards achieving the key measures by ADOT's Office of Strategic Planning and Budget. This analysis is performed monthly and discussed with the applicable program staff responsible for each key measurement. Then the administrator for ADOT's Office of Strategic Planning and Budget presents the analysis, together with conclusions and recommendations, at the Operations Team meeting each month. During this process, Department executives and select senior managers discuss the degree of progress accomplished for each key measurement and evaluate the proposed corrective actions.

As indicated in category 2.1a(1), executive management, after conducting discussions with the program and sub-program managers statewide, formalizes the vision and mission statements, core business functions, breakthrough strategies and goals. Once these items are disseminated, each organizational unit interacts with the program strategic planner to develop its own strategic plan that supports ADOT in achieving its goals.

### **2.2b Performance Projection**

**2.2b** The increases in the key measures in Figure 2-1 demonstrate positive trends. For example, among the more noteworthy is the increase in lane miles open to traffic in the Phoenix District. Since this is one of the largest metropolitan areas in the country, an increase in lane miles is significant because congestion is always a concern. Similarly, in an effort to relieve congestion, the end date for constructing lane miles in the regional freeway system has been accelerated to 2007 from an originally proposed end date of 2014, requiring a significant allocation of resources.

Another performance indicator, which merits mentioning and has received national attention, is the number of motor vehicle related transactions completed over the Internet as an alternative to visiting an MVD field office. In an effort to reduce customer visit time in field offices, MVD, through partnering with the private sector, offered alternatives to Arizona drivers for conducting several types of motor vehicle related transactions. Three alternative programs are Renew-By-Mail, Third Party, and the Internet. Together, these alternative programs have reduced customer volume in the field offices and, as a result, the visit time experienced by customers, who still must use a field office, has decreased by 59% over a twelve-month period. Additionally, the number of transactions completed via the Internet increased by 171% over the same twelve-month period.

ADOT continues to focus its strategic planning efforts on achieving measurable results in improving the movement of people and products through Arizona as well as customer satisfaction, financial and resource management, and partnering.